

Rupee slides to another record low

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THE RUPEE'S DOWNWARD slide continued on Monday, ending at a new low of 90.73 against the dollar—down 31 paise—on weak market sentiment. This was the third consecutive session when the rupee closed at a new low. The domestic currency has closed at a new low eight times in the past month.

According to currency experts, persistent outflows and delays in the trade deal with the US are keeping the sentiment poor. The latest drop has taken the year-to-date (YTD) depreciation in the current financial year to more than 6%, the highest in three years.

"Some positioning was also there due to the ongoing initial public offer (IPO) and the forex swap, which will be held on Tuesday," said a dealer at a public sector bank.

Continued on Page 7

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EXPRESSING HIS worries about the rupee's rapid depreciation, he added that the pace has to change since there has to be a balance between improving export competitiveness and impact on imports. "Traders are pushing the rupee lower and lower. The Reserve Bank of India (RBI) was expected to step in at 90.50 earlier, but we have already breached it, and there is no sign of settling," the dealer added.

Dealers said that the RBI was present in the market at multiple levels but in a mild way, curbing excess volatility, traders said. With further delay in the trade deal and limited RBI intervention, traders expect the currency to breach the 91-mark soon.